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SNAPSHOT

Credit Revamps Afghan Agro-Industry

USAID provides credit to progressive entrepreneurs



Photo: USAID/ACE

Haji Malang, owner of Javid Thresher Company, based in Nangarhar province.

A USAID loan supported the company to increase its sales by 64 percent, created 67 full time jobs and provided 6,500 far households with access to agricultural machinery.

In December 2010, Haji Malang, owner of Javid Afghan Thresher Company obtained a loan through a program funded by USAID and implemented in partnership with Afghanistan's Ministry of Agriculture.

For the first time, Javid, the first industrial scale manufacturer of agricultural machinery in the country, had access to formal credit to purchase raw materials and increase its production.

The impact of the additional injection of capital was immediately evident. Ten months after receiving the loan, Javid Thresher Company has increased its production and value of sales by 41 and 64 percent, respectively. The company created an additional 67 full time jobs and the machinery, mainly cereal threshers, benefited some 6,500 families in six provinces.

Not only has the company revamped its production and increased its market share against imported machinery, but it paid its loan in full and is currently applying for a second loan to modernize its production line.

Javid Afghan Thresher Company is one of many agribusinesses that benefitted from access to credit through the USAID program. The immediate impacts of interventions of this type are increase in industrial output, creation of jobs, reduction of imports and access to mechanization for thousands of Afghan farmers.

In addition to supporting agribusinesses, during its first year of existence the program also provided loans to more than 10,000 farmers through a variety of financial and non-financial intermediaries.

The loan program is successfully filling the gap that limited farm and non-farm agricultural investments.